



CALPEEK

CALIFORNIA POLITICAL WEEK

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CAMPAIGN 2004: GIVEN CALIF.'S FISCAL CONDITION, BACKERS OF HIGH SPEED RAIL HAVE TOUGH SELL.

Editor's note: Supporters of a **\$9.95 billion** bond measure to build the first leg of a 700-mile high speed rail project face a very tough challenge in November of 2004. That's when this bond measure goes before Calif. voters. Here's our report & analysis...

...On Sept. 19, 2002, Gov. Gray Davis(D) signed SB 1856 by former State Sen. Jim Costa(D-Fresno). This legislation placed \$9.95 billion in general obligations bonds on the Nov. 2, 2004 ballot. About \$9 billion of the bonds would be used to build the first leg of the project from S.F. to L.A., through Calif.'s Central Valley. Eventually the system will run 700 miles, from San Diego to Sacramento. The remaining \$950 million would be used for feeder lines into the main system and for other rail programs such as Metrolink. And there's hope for Federal matching funds. FYI: this particular HSR corridor is one of only 11 in the U.S., so designated by the DOT...

...These high speed electric trains travel at 220 mph and can make the S.F. to L.A. trip in just under 3 hours. Right now the planning and key decisions are made by the CA High Speed Rail Authority – a small and independent agency. Under Gov. Davis' budget, he'd fold CHSRA into the CA Dept. of Transportation – a move opposed by some who think this will harm the November 2004 campaign. State Sen. Dean Florez(D-Shafter) has introduced legislation to keep the agency independent – and to transfer all passenger rail projects to this agency. However, sources say there's no excitement in the Capitol to go with Davis' consolidation plan, so Florez's bill may be unnecessary...

...As for the campaign, it's being spearheaded by Costa, who has pumped in some initial seed money to get things moving. This will be Costa's 7th bond measure effort – and thus far he's got 4 wins and 2 defeats. He's now looking for a campaign team and is starting to enlist key members of a large coalition. How much will this measure cost in terms of voter education? Our sources estimate it may run as much as **\$10 million** – because it's an issue voters

doesn't really understand...

...There have been no specific polls on this \$9.95 billion bond measure, but in the past there's been a good deal of enthusiasm for high speed rail in Calif., as much as 81%, one source told *Calpeek*. But given the State's red ink and economic condition at this time, selling this bond measure won't be easy – some sources say. On the other hand, voters last year approved a number of big bond measures, knowing full well about the State's troubled fiscal health. As of now there's no strong opposition. Stay tuned...

BUDGET WARS: ASSEMBLY DEMOS PLAY CHICKEN WITH GOV. DAVIS, WHILE WALL ST. GETS NERVOUS.

Editor's note: Turns out that Calif. Republicans aren't the only ones who play circular firing squad games. Assembly Democrats and Gov. Gray Davis are becoming pros too. As noted in previous *Calpeek* updates, this budget story changes every 24 hours. As *Calpeek* hit deadline, Gov. Davis was getting ready to veto AB 4x – a combo of \$12.8 billion in cuts and new revenue. Assembly Demos claim their plan is balanced & fair, but rolling back the VLF to 1998 levels to produce \$4 billion in new revenue is the deal killer, according to Gov. Davis. Here's our analysis & commentary...

...And while all of the above was going on, CA Treasurer Phil Angelides and Dept. of Finance Director Steve Peace were in NY trying to convince Wall Street that things really were **not** as bad as the news accounts claim. Would love to be there to hear that spin. As for new Controller Steve Westly, he did not make the NY trip – but will participate via conference call. One would think Calif.'s Controller would want to be there OR maybe he's smart to stay away...

...Whatever the case, *Calpeek* sources say Wall Street is not pleased with the budget crisis in Calif. and it's almost a given that Calif.'s bond ratings will take a hit. Why is Wall Street – and the bond market – upset with Calif.? 1) They think the current system requiring a 2/3rds vote to pass taxes and a budget is outdated/wrong; 2) Wall Street still has problems with Prop. 13 (read that as funding of

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local govt.); and 3) They think Calif.'s overall economic situation isn't great. No argument there...

... Back to AB 4x and the governor's threatened veto. The key reason for the veto is the **vehicle license fee** brouhaha. Davis hopes that by keeping the VLF in a *status quo mode* (no roll back to 1998 levels – thus no tax hike) GOPers will be persuaded to vote for higher income, sales and tobacco taxes. He's got to be dreaming! That won't happen and that's one of the reasons Demos wanted to hike the VLF – it may end up being the only source of new revenue. Part of the Demo's problem is that they (and many others) have NO clue as to what the Legislative GOPers want to do to solve the crisis. The GOP's only message thus far: no new taxes! Making the situation even messier for Davis, People's Advocate in Sacto has launched a recall against him...

... As noted in last week's issue, Davis indicated he has retreated in his efforts to get legislation to remove the VLF "backfill" to local govt. Now some suggest that he could simply blue pencil (line item veto) the VLF backfill once the budget was on his desk. If that is indeed his plan, the locals + public safety interests will go nuts...

... But sources say Davis can't use his line item veto because the VLF backfill is done through a continuous appropriation set forth in law – in other words, the VLF backfill is on *auto pilot* and cannot be blue penciled. And the reason a line item veto won't work is because the VLF backfill not only pays for public safety programs at the local level, but also pays off billions to bondholders. Davis has even received a letter from MBIA Insurance Corp., the largest bond insurer in the U.S., urging him not to fiddle with the VLF backfill...

... The bottomline: politically, by vetoing AB 4x Davis may have burned an important bridge with Assembly Speaker Herb Wesson, who was Davis' ace against Demo Senate Pres. John Burton. Now Wesson and Burton appear to be on the same page – although their tactics are different. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Feb. 20	DNC meeting – Hyatt on the Hill, Wash. DC
Feb. 21-23	CA Republican Party state convention, Hyatt Hotel, Sacramento.
Feb. 21-24	Nat'l Assn. of Secretaries of State, winter meeting, Wash. DC
Feb. 25	CA Journalism Awards dinner, 6:45 p.m. at Radisson Hotel, Sacramento.

CAMPAIGN 2003: UPDATE ON L.A. COUNCIL RACES.

Editor's note: Here's an update & analysis on some recent developments in the OPEN seat L.A. City Council races which *Calpeek* is covering...

☒ **14th CD** – Even though Antonio Villaraigosa has the endorsement of L.A. Co. COPE (labor), incumbent L.A. Councilman Nick Pacheco has the endorsement of 6 key unions, some with L.A. City Hall links: SEIU 347, L.A. City Firefighters, L.A. Police Protective League; Laborers Local #300; AFSCME and Carpenters. Laborers #300 has filed paperwork showing they've made a \$50,000 independent expenditure to Pacheco's campaign. This contribution and one other IE means the \$330,000 spending cap is now off for Villaraigosa and Paul Gonzales. But the big question is this: will these unions who are backing Pacheco eventually form some kind of informal political organization to rival COPE(Cmt. on Political Education) for endorsing candidates???

☒ **12th CD** – In this San Fernando Valley district now represented by termed out Councilman Hal Bernson, one of the hottest issues is BFI's Sunshine Canyon Landfill. Bernson himself is opposed to this landfill as are all of the 4 leading contenders to replace him. In last week's issue, *Calpeek* said LAUSD Bd. member & 12th CD candidate Julie Korenstein recently called p/a exec. Harvey Englander seeking support for her campaign. Englander is one of BFI's lobbyist. Korenstein's campaign says she never called Englander. According to Korenstein's campaign, she would never solicit campaign contributions from anyone linked with BFI's Sunshine Canyon...

... Regardless, someone who IDed herself as Julie Korenstein called Englander's office and left a voice message for him. Englander didn't return the call, but his voice messages are routinely logged by an assistant, with all the info – including return phone numbers. On the phone log, the return number was at Brian Rix's office. He's Korenstein's fundraiser. Rix says there's no notation of any call to Englander on the solicitation list Korenstein was working from, but Englander's name was on the list. Even Englander thought the call was strange given the fact he ran Bernson's 1991 campaign against Korenstein. And that's why over the X-Mas holidays Englander mentioned this call to several insiders, long before he mentioned it to *Calpeek* last week. Strange indeed...

... FYI: State Sen. Richard Alarcon(D) has endorsed Korenstein, not Rob Vinson. *Calpeek* was working under the assumption that because Alarcon's name was at the top of an

Jan. 12th invite to Vinson's campaign kick-off, that he was a Vinson supporter...

☒ **8th CD** – A new survey for former L.A.P.D. chief Bernard Parks shows him with a monster lead in this open seat contest. Parks has **64%** vs. only **3%** for his nearest rival, Robert Cole. Undecided is at **28%**. The poll was conducted The Feldman Group, 500 likely voters, Jan. 12-17. Stay tuned...

CAMPAIGN 2004: CALIF. REPUBLICANS BEGIN THEIR DRIVE TO UNSEAT U.S. SEN. BARBARA BOXER IN '04.

Editor's note: While it's no surprise that U.S. Sen. Barbara Boxer would already be under attack by the GOP, the source of the newest attack is a little unusual. Boxer is seeking a 3rd term next year and GOPers are drooling at the opportunity to take on one of their top Calif. targets. Here's our update & analysis...

...No, it's not U.S. Reps. Doug Ose, George Radanovich or Darrell Issa who have the Demo senator in their sights, but rather the *Calif. Republican Party*. The CRP has decided to start peppering Calif. political reporters with a new email attack piece called, *Boxer's Bungles*. The first issue was emailed Jan. 29th and took some shots at Boxer's response to Pres. George W. Bush's State of the Union address...

...The email attack is very similar to what the CRP did during the 2002 gubernatorial campaign – constantly slamming Demo Gov. Gray Davis with a continuing series of emails called *The Davis Deception Detector*. Key authors of the DDD will now take on Boxer: GOP spin doctors Rob Stutzman and Karen Hanretty, working out of the CRP's Sacto HQ. The idea behind *Boxer's Bungles* is to get some negative stuff out in the open now, during that period when potential GOP opponents haven't yet geared up to go after Boxer...

...In their initial email, Stutzman & Hanretty get off a few good zingers, but the spin is a little over the top. The headline on the first *Boxer's Bungles* is **Boxer Blaming America – Bab's, ever hear of Saddam Hussein?** Don't know if Boxer's campaign will come up with a response email to these attacks, but sources say it couldn't hurt to put out some pro-Boxer/anti-GOP spin...

...FYI: In the all important business of raising money, Boxer ended 2002 with **\$1.39 million** cash on hand. No info yet on potential GOP rivals...

...In addition to the above GOPers who are either forming

exploratory committees or who have decided to run for sure in 2004, other names on the long list of *possible* GOP U.S. Senate candidates include: 2002 GOP gubernatorial nominee Bill Simon Jr.; U.S. Tres. Rosario Marin; Fresno Mayor Alan Autry; GOP Insurance Comm. nominee Gary Mendoza; and radio talk show host Dennis Prager. And add yet another GOP radio talk show host to the long list: Michael Reagan. Stay tuned...

CAMPAIGN 2004: UPDATE ON LEGISLATIVE RACES.

Editor's note: Here's *Part II* in our continuing series of updates about key Calif. Legislative & U.S. House primary races in March of 2004. Here's our update & analysis...

☒ **39th SD** – This is the San Diego area district of State Sen. Dede Alpert(D), who is termed out. Thus far no serious GOP candidates have emerged, but a moderate, well known GOPer could do well in this SD. On the Demo side there's current Assemblywoman Christine Kehoe and former Assemblyman Howard Wayne. Kehoe, a former San Diego councilwoman, is now showing off a new poll by The Feldman Group, taken Jan. 15-16 among 403 eligible and likely primary voters. In a one-on-one match with Wayne, Kehoe is at **54%** vs. **14%** for Wayne, with **32%** undecided. Among those voters who are familiar with Kehoe (72%) **64%** give her favorable marks vs. **8%** negatives. Wayne was known to **27%** of voters in the 39th SD – **21%** favorable vs. **6%** unfavorable. These results are not surprising, given Kehoe's better name ID in the San Diego area – stemming from her years on the council. For those who may have forgotten, Kehoe is openly lesbian...

...Kehoe's lead consultant is Parke Skelton, while Wayne has hired Richie Ross. That should prove to be an interesting match...

☒ **35th SD** – This is the Orange Co. district of State Sen. Ross Johnson(R-Irvine) who is *termed out*. This district is solid GOP turf, meaning Demos need not apply. Right now there are two solid GOP rivals seeking the nomination: Assemblymembers John Campbell and Ken Maddox. Both used to be clients of Gilliard, Blanning & Wysocki – and that firm went with Campbell. Backing Campbell (a car dealer with fairly deep pockets) are Johnson, GOP Senate Leader Jim Brulte + Senators McPherson, Poochigian, Morrow, Denham, Knight and Oller. Maddox is currently looking for a new consultant, so in the interim GOP O.C. pollster Adam Probolsky is handling a variety of chores. Support for Maddox includes former SOS Bill Jones, Sen. Roy Ashburn, Assemblymembers

Tony Strickland and Dennis Mountjoy, O.C. Supes Jim Silva and Chuck Smith + O.C. Professional Firefighters & the Huntington Beach Professional Firefighters. This primary promises to get brutal. More next week. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***Bush's Reelect Number Drops*** – A new L.A. Times poll released 2/5/03 shows that Pres. George W. Bush's reelect numbers for 2004 have dropped to 45% reelect vs. 40% for a Demo and 15% undecided. The poll was taken Jan. 30-Feb. 2 among 1,197 registered voters. While the reelect number is down for Bush, the one bright spot is that GWB has a strong hold on his GOP base: **91%** in support vs. 1% opposed...

■ ***Calif.'s Gay/Lesbian Legislative Caucus*** – Calif.'s Legislature has formed the first official gay/lesbian Legislative Caucus. The CA Legislative LGBT Caucus members include Assembly Speaker Pro Tem Christine Kehoe (chair); State Sen. Sheila Kuehl; and Assemblymembers Jackie Goldberg, John Laird and Mark Leno. Email for the caucus is LGBT.Caucus@assembly.ca.gov...

■ ***AAPC Award Winners*** – Calif. based campaign consultants and campaign service providers picked up between 35-40 awards at the American Assn. of Political Consultants annual gathering and Pollie Awards in Washington DC Jan. 15-18. For the complete list of winners in **97 different categories** (1st, 2nd and honorable mention) go to the AAPC website: www.theaapc.org. The overall big winners were Karl Rove (MVP in a Campaign Award); Public Opinion Strategies (Pollster of the Year); Webshare Publishing (Best Use of New Technology); Blaise Hazelwood (Field Campaign of the Year); Wally Clinton (Lifetime Achievement Award); and Margie Omero (Rookie of the Year Award). AAPC officers for the coming year include Donna Lucas of Porter Novelli in Sacto, chair; Nancy Todd Tyner, president; Wayne Johnson of Sacto-based JohnsonClark Assoc., vice president; and Cathy Allen, Sec.-treasurer...

■ ***Calif.'s Public Debt*** – According to the yearly totals from the Calif. Debt & Advisory Commission, Calif.'s public debt as of 10/15/02 stands at **\$73.2 billion**. Last time *Calpeek* reported on the State's public debt it stood at **\$43.2 billion**. The new figure is broken down into \$40.4 billion in State issues, \$31.8 billion in local issues and \$938 million for student loans...

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We have a ton of these announcements...

● A sad note: former U.S. and Calif. Agriculture Sec. Richard Lyng died Feb. 1st at his home in Modesto. He was 84. R.I.P...

● Todd Priest is the new director of Govt. Affairs for the BIA of So. Calif...

● Senate Pres. John Burton(D) has named Cheryl Peace to a 4-year job on the Integrated Waste Mgt. Board. She is the wife of Gov. Davis' new finance director, former State Sen. Steve Peace...

● Gov. Davis has named Sacto Sheriff Lou Blanas as a member of the Peace Officers Standards & Training Commission...

● Beth Miller has joined Barnes, Mosher, Whitehurst, Lauter & Partners as Exec. VP of p/a in the firm's Sacto office. She was a policy and political advisor to former SOS Bill Jones...

● L.A. Mayor Jim Hahn has named Lillian Y. Kawasaki as Asst. GM of Environmental & Economic Affairs for the L.A. DWP...

CALPEEK'S MARKETPLACE NETWORK

● **Assoc. Gov. Relations Dir.** – Plan/implement comprehensive program to build a broad-based constituency to support a conservation agenda. Position will establish partnerships with traditional/non-traditional partners. Oversee campaigns including ballot measures and local referenda. The Nature Conservancy. resumes@tnc.org.

● **Local Government Relations.** Major Los Angeles area real estate trade association seeks staffer for newly created position. Duties include membership mobilization, local city council/commission representation, implement LGR Committee directives. FAX resume with salary requirements to the Executive Vice President @ (213)382-3970.

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